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STOP & SHOP INC.

ANNUAL
REPORT

1962

OFFICERS

Sidney R. Rabb	<i>Chairman of the Board and Treasurer</i>	Michael F. O'Connell.....	<i>Vice-President</i>
Joseph Rabinovitz.....	<i>President</i>	Jacob Rabinovitz.....	<i>Vice-President</i>
Irving W. Rabb	<i>Vice-President and General Manager</i>	Richard F. Spears.....	<i>Vice-President</i>
Norman S. Rabb.....	<i>Senior Vice-President</i>	Ralph D. Tedeschi.....	<i>Vice-President</i>
Lloyd D. Tarlin.....	<i>Financial Vice-President</i>	Max E. Bernkopf.....	<i>Clerk</i>
Donald A. Gannon.....	<i>Executive Vice-President</i>	Arthur L. Sherin.....	<i>Assistant Clerk</i>
Robert H. Kroeger.....	<i>Vice-President</i>	George P. Kane.....	<i>Assistant Treasurer</i>

DIRECTORS

William Applebaum	Irving W. Rabb	Jacob Rabinovitz	Sidney L. Solomon
Max E. Bernkopf	Norman S. Rabb	Joseph Rabinovitz	Lloyd D. Tarlin
Norman L. Cahners	Sidney R. Rabb	Arthur L. Sherin	Ralph D. Tedeschi
Donald A. Gannon			



ANNUAL REPORT

for the year ended
June 30, 1962

COMPARATIVE HIGHLIGHTS	1962	1961
SALES	\$306,305,759	\$295,373,211
EARNINGS		
Before taxes on income	\$ 6,791,391	\$ 8,293,951
After taxes on income	\$ 3,887,383	\$ 4,645,088
Cash dividends paid	\$ 1,101,950	\$ 977,997
Cash dividends per share	\$.40	\$.40
Stock Distribution	3%	*25%
Reinvested in the business	\$ 2,785,433	\$ 3,667,091
% of net earnings to sales	1.27%	1.57%
Per share of stock now outstanding	\$ 1.40	\$ 1.67
Current Assets	\$ 31,196,878	\$ 27,271,444
Current Liabilities	\$ 16,239,347	\$ 14,331,605
Working Capital	\$ 14,957,531	\$ 12,939,839
Current Ratio	1.92	1.90
Shareholders' Equity	\$ 30,180,731	\$ 27,265,458
Food Stores in operation year end	138	131
Self-service department stores in operation year end	10	6
Employees	10,186	9,735

TRANSFER AGENTS

The First National Bank of Boston
Bankers Trust Company of New York

REGISTRARS OF STOCK

The National Shawmut Bank of Boston
Morgan Guaranty Trust Company of New York

AUDITORS

Peat, Marwick, Mitchell & Co.

GENERAL COUNSEL

Sherin & Lodgen, Boston

Shares Traded on Boston Stock Exchange and American Stock Exchange

GENERAL OFFICES, 393 D Street, Boston 10, Massachusetts

Note:

*The distribution for
1961 represents
a stock split of 5
shares for 4.



SIDNEY R. RABB
Chairman of the Board



JOSEPH RABINOVITZ
President

To the shareholders, employees and friends of Stop & Shop

Sales and earnings for the fiscal year were adversely affected by a continuation of intensive price and promotional competition, the introduction of trading stamps by the largest food chain, constantly rising costs, and certain non-recurring expenses. To protect our share of the food market, we pursued an aggressive merchandising and promotional policy.

We strengthened our organization and by vigorous effort and action effected numerous operating economies and prepared for future growth along new lines.

Sales and earnings

Sales for the 1962 fiscal year were \$306,305,759 compared with \$295,373,211 in 1961, a gain of 3.7%. These sales include only our own departments in Bradlees, and do not include the sales of our licensees. Net income after taxes was \$3,887,383, equal to \$1.40 per share compared to \$4,645,088, and \$1.67 per share in 1961, computed for both years on the basis of 2,783,367 shares outstanding on June 30, 1962.

Our Bradlees Division expanded from six to ten stores during the year and should reach twenty within the next 18 months. The cost of opening a new Bradlees store requires a considerable expenditure which is charged to current operations.

As of the close of the fiscal year, we sold the seven Youth Centre stores, acquired as part of the Bradlees acquisition in May, 1961. This sale is reflected in the year's financial statements. These stores were small conventional-type service children's wear stores which accounted for less than 1% of our sales last year. They did not fit into our plans for large self-service department stores and incurred substantial operating losses during the year. The sale of these stores now enables our Bradlees Division to devote its full attention to the development of the self-service department stores.

Our earnings in the final quarter were higher than in any of the preceding quarters of the fiscal year.

Distribution to Shareholders

During the past fiscal year, four quarterly dividends of ten cents each were paid. In addition a 3% stock dividend was distributed on November 1, 1961. On August 23, 1962, your directors declared a 3% stock dividend payable on November 1, 1962 to shareholders of record October 5, 1962. It is the company's policy to pay a conservative quarterly cash dividend, which has been supplemented in each of the past eleven years by stock dividends or other stock distributions. This permits us to retain a substantial portion of our annual earnings as a source of funds to finance our growth.

Physical Growth

We opened 18 new food stores and closed 11 out-moded stores in fiscal 1962. Nine of the new supermarkets are located in Massachusetts, eight in Connecticut, and one in New Hampshire — our first in that state.

The new Cohasset, Mass. supermarket was opened in June under the Tedeschi name and brings the number of stores under this name to seven.

Our Bradlees division expanded from six to ten stores. Each of the six original stores showed an increase in sales this year over the corresponding period of a year ago. Of the four new stores, two, located adjacent to Stop & Shop stores in the Springfield, Mass. area, were acquired from another company. Completely renovated in the Bradlees decor, these stores materially improved Bradlees' position in the Springfield area. The opening costs of these four new Bradlees stores were absorbed in current operating expenses. We have added to and strengthened this organization for future growth by bringing in specialists in new fields. The Stop & Shop organization can absorb certain functions of a service nature for Bradlees at substantial overall savings. Con-

versely, the Bradlees organization has much to contribute to the non-food merchandising in our food stores.

Bradlees originally operated only the children's wear department and leased all others. During the year, it undertook the operation of the domestics department in four stores and the department which sells health and beauty aids, candy and stationery in five stores. In future Bradlees stores, we will operate these departments as well as the men's wear department. On July 30th our major women's wear licensee formed a new company in which we have a minority interest. This new company has taken over five departments formerly operated by this licensee and will operate the women's wear department in future Bradlees stores. Stop & Shop has agreed to loan this new company the funds necessary to finance this expansion in accordance with the terms and conditions of a loan agreement.

Although the primary interest of Stop & Shop is food retailing, we feel that there are many advantages to be gained by developing further the concept of one-stop-shopping.

With this in mind, we are expanding the number and size of the Bradlees stores. We presently have nine large stores under construction ranging in size from 50,000 square feet to 110,000 square feet which will include a food department, under the Bradlees name, except in those few instances where the store is to be located in the same shopping center as our food store. These new stores, larger in size — adding service and convenience departments together with food, will make one-stop shopping a reality. Several of these stores will be located in shopping centers.

Since August 1961, we have operated the leased food department in the GEM International Closed Discount Department Store at Saugus, Mass. We will also operate the food department in the two new GEM Stores now under construction in Dedham, Mass. and Newington, Conn. We are about to open a similar type of department in the 150,000 square foot new "Ann & Hope" discount department store in Warwick,

Rhode Island. Our food department in these stores will be operated under the owner's name. These food departments, as well as those in our Bradlees stores, have a lower price structure than the conventional supermarket, have no Stop & Shop identification and do not give trading stamps. Our new supermarket in Hingham, Mass., which opened in July under the Bradlees name is in a shopping center and operates on the same basis.

At the end of the fiscal year we operated 138 food stores, of which 118 were opened or acquired in the last ten years, and 10 Bradlees self-service department stores. About 65% of our present food volume is accounted for in the 82 food stores opened or acquired in the last five years. We continue to grow. In the first six months of the new fiscal year we expect to open 12 new units: three Bradlees food stores, three leased food departments, two Stop & Shop markets, two Bradlees Stores with food departments, and two Bradlees Stores in the same shopping center in which we have a supermarket.

Additional Service Facilities

The past fiscal year saw major strides in the development and expansion of our service and manufacturing facilities to handle our growing volume. Our new Perishable Distribution Center and office building in North Haven, Conn. were completed. This Distribution Center serves our food stores in Western Massachusetts and Connecticut and has adequate room for expansion. The office building not only houses our food store Unit staff but also contains temporary office and warehouse space for our Bradlees division.

We have developed new manufacturing facilities. Our Dairy Plant in Readville has expanded its production facilities and is now producing multi-vitamin milk, breakfast drink, and fruit drinks. We expect to begin operation of the new processing and distribution section of our Dairy Plant in the late fall. This unit is designed to furnish our stores with a variety of high quality and distinctive prepared and packaged foods which

include the packaging and wrapping of cheese. We have increased our emphasis on manufacturing because our requirements are now large enough to permit us to manufacture more products profitably. These new facilities are designed to produce greater value for the customer with more effective quality control, and, in addition to provide the company with a satisfactory return on its investment. Our cheese operation illustrates this point. By purchasing cheese on rigid specifications and in large quantities in bulk, then slicing and wrapping the cheese ourselves, we are able to control the quality from source to customer and to obtain a lower cost.

Real Estate Operations

Our real estate subsidiaries had a busy year. Among the completed projects were the shopping centers at Lowell and Northampton, Mass., the Perishable Distribution Center and offices at North Haven, Conn., and the addition to the Dairy Plant at Readville, Mass. and five of the new food stores.

Our real estate subsidiaries continue to build for other tenants adjacent to our own markets whenever practicable. This helps to increase our own customer traffic and, at the same time, reduce our occupancy costs.

Capital Requirements

Our continued rapid expansion requires large investments for fixtures and inventory in excess of the funds generated internally by retained earnings and depreciation reserves. To meet these needs, arrangements were made for the private placement of \$16,500,000 in long term notes to replace our present \$3,500,000 note. In June, \$11,500,000 was drawn, and the remaining \$5,000,000 may be drawn when needed prior to December 31, 1964.

People — Our Most Important Asset

In a year made difficult by intense competition and the changing emphasis of our interests, our people earned our appreciation for their contribution to our advancement. The cooperation and understanding displayed throughout the organization was most appreciated. We have always considered our loyal and devoted employees to be

our primary asset, and have sought to provide them with job satisfaction, fair compensation, liberal fringe benefits and an atmosphere in which individual development is encouraged, assisted and recognized. We feel that our growth and progress over the years is due in large measure to the fine spirit and dedicated efforts of members of the Stop & Shop "family"

The many innovations and changes in our business in the past year have presented increased challenges as well as opportunities for our people. The expansion of our Bradlees division and the entry into the GEM type of food operation opened new avenues of advancement for many Stop & Shop people.

Our personnel development program is geared to these changes. It is reviewed and constantly refined to make certain that we are doing everything possible to develop the capabilities of our people and prepare them for the assumption of greater responsibilities.

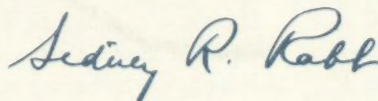
It is our policy to promote from within our company, whenever possible, those people whose performance merits advancement. In addition, we must attract experienced people for those specialized tasks which our business requires. In fiscal 1962, there were 504 promotions from within, one of the highest totals in the history of Stop & Shop. The total number of employees, in all of our divisions, had reached the record figure of 10,816 at the end of our fiscal year.

At the last annual meeting, Mr. Ralph D. Tedeschi, a vice president of the company, was elected a member of the Board of Directors.

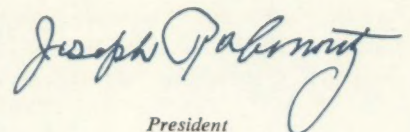
Future Progress

As we look ahead, the accomplishments of the past give us confidence for the future. Ours is a business of mass merchandising with a never-ending search for new and better methods to reduce costs and offer to our customers more and better value both in foods and in the lines of merchandise carried in our self-service department stores. In this way, we can contribute to a higher standard of living and further strengthen our acceptance in the area in which we operate.

It is our goal that our company always be in the vanguard in introducing new developments in retail mass distribution which will insure and accelerate our growth in the future.



Chairman of the Board

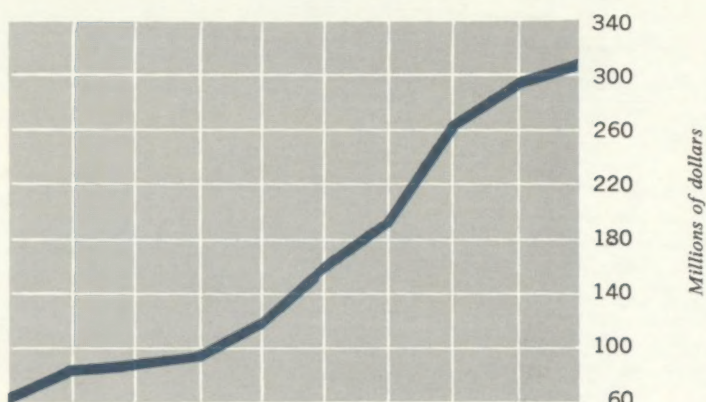


President

Ten years record of growth

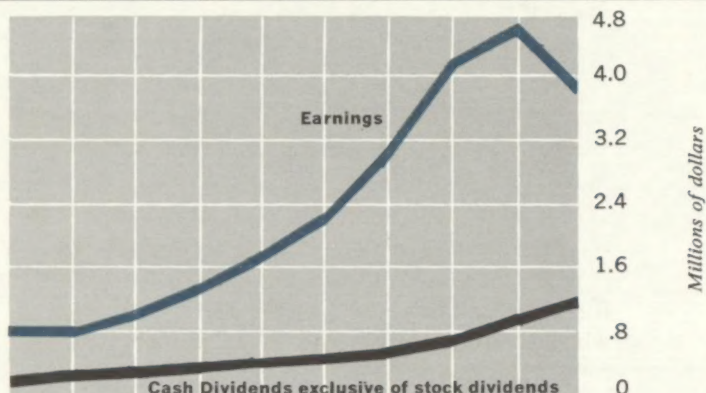
Sales

Years	Total
1953	\$ 66,791,894
1954*	79,651,017
1955	82,430,337
1956	98,189,345
1957	123,106,279
1958	152,390,084
1959	194,003,143
1960*	266,207,295
1961	295,373,211
1962	306,305,759



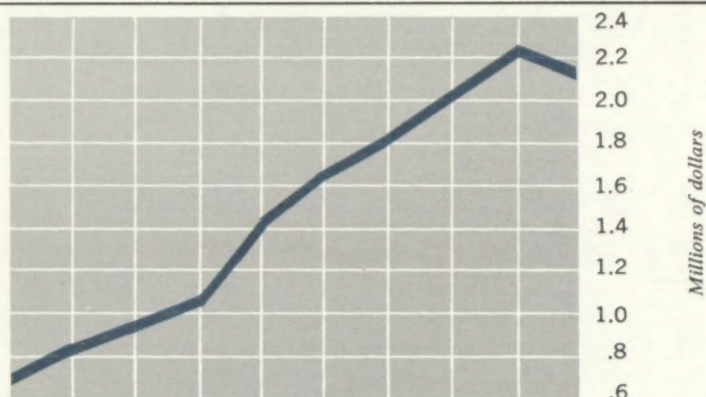
Earnings and Cash Dividends

Years	Earnings	Cash Dividends
1953	\$ 826,937	\$309,671
1954*	802,034	333,333
1955	1,003,517	350,000
1956	1,349,411	398,683
1957	1,721,856	448,718
1958	2,269,719	465,962
1959	3,096,819	592,018
1960*	4,281,088	764,547
1961	4,645,088	977,997
1962	3,887,383	1,101,950



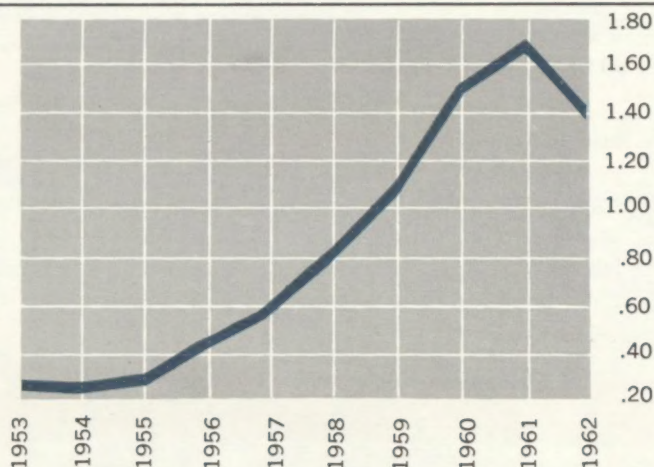
Average Sales per Food Store

Years	Total
1953	\$ 767,700
1954*	865,800
1955	969,800
1956	1,183,000
1957	1,465,600
1958	1,674,600
1959	1,813,100
1960*	2,129,900
1961	2,213,000
1962	2,166,000



Earnings per Share**

Years	Total
1953	\$.30
1954*	.29
1955	.36
1956	.48
1957	.62
1958	.82
1959	1.11
1960*	1.54
1961	1.67
1962	1.40



*53 weeks

**Based upon 2,783,367 shares outstanding 6/30/62

The figures for the 1960, 1961 and 1962 fiscal years only reflect the operation of the Tedeschi and Bradlees-Youth Centre stores, acquired in the 1961 fiscal year, under "pooling of interests" principle of accounting.

How our Sales Dollar was distributed



80.9c For cost of goods — merchandise, transportation, miscellaneous expenses and handling costs other than wages.

12.4c For wages and other employee benefits, including social security, retirement income, and group life, health and accident insurance.

1.1c For taxes — Federal and State.

2.7c For store rentals, real estate taxes, light, heat and other utilities.

1.6c Set aside for wear and tear on equipment and buildings and spent for their maintenance and repair.

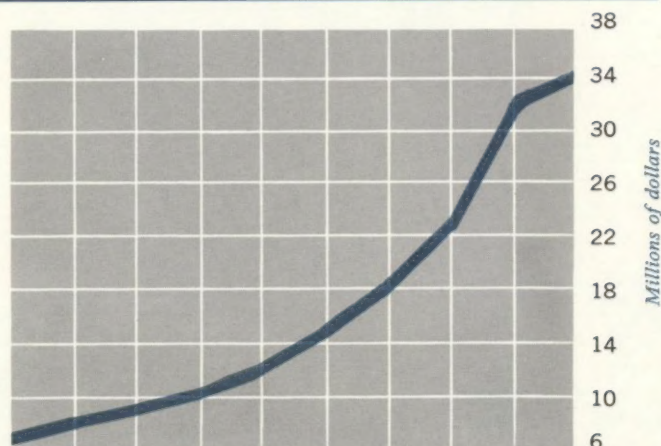
.4c To shareholders as cash dividends, exclusive of stock distribution.

.9c To provide for Company growth by establishing new stores and facilities, modernizing others and for increased working capital.

Note: the last two items together represent the net profit on each dollar of merchandise sold by Stop & Shop in the 1962 fiscal year.

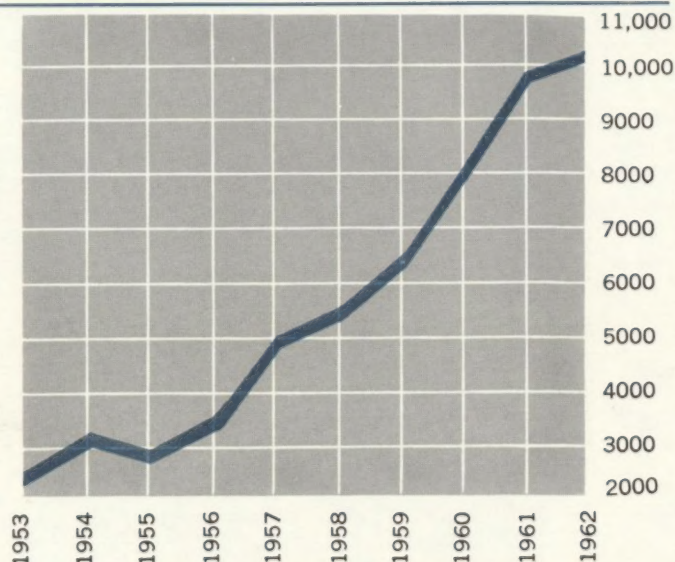
Wages

Wages and salaries in the past fiscal year reached a new high, reflecting both growth in numbers of personnel and increases in hourly rates over the past ten years.



Employees

The past fiscal year saw the number of our employees pass the 10,000 mark for the first time in the history of our company.





Architect's conception of a typical Bradlees Combination Store containing a complete supermarket in addition to other non-food departments. These complete self-service department stores encompass almost three acres of selling area under one roof. The first of these is due to open in early Fall in Woburn, Mass.

Bradlees – Building for Future Growth

The world of self-service retailing and mass merchandising is ever-changing. To remain successful a company must anticipate these changes and plan for future growth many years ahead.

One of the major changes in the retailing industry has been the rise of the complete self-service department store. We believe that this will be an important factor in any future growth plans.

The acquisition of the Bradlees Stores in the 1961 fiscal year gave us an entry into this type of retailing. With the experience of a full year of operations we are convinced of the importance of the Bradlees Division to our future growth and have planned accordingly.



The first supermarket under the Bradlees name was opened in the new fiscal year at Hingham, Mass., located in a shopping center which includes a G.E.M. Department Store. It has a lower price structure than the conventional supermarket and does not offer trading stamps.



One of the new Bradlees stores opened this year in Danbury, Conn. Spacious, modern, and attractive, it has been well received by shoppers in this area.

Growth Through Diversification in Self-Service Retailing

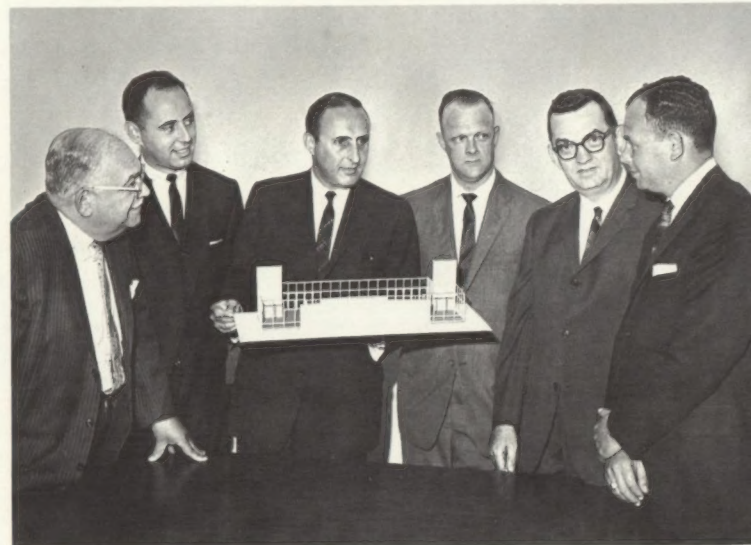
The almost half-century of experience of our company in the retail food field stands us in good stead in the expansion of our Bradlees Division.

It is our intention to apply the same practices and principles in Bradlees Division that have enabled us to build consumer acceptance in our food business.

We shall continue to emphasize quality merchandise, high volume, fast turnover, and a personnel policy consistent with our belief that "People are our most important asset."

In building the Bradlees management group we have chosen people of talent from within our own organization implemented by specialists with considerable retailing experience in the department store field.

Top executives of the Bradlees Division discuss future plans. The make-up of the Bradlees executive group typifies the blending of Stop & Shop people with new blood. Left to right: Director of Personnel Jack Talberth joined the Bradlees Division from Stop & Shop, Merchandise Manager Arnold Seigal from a chain of women's specialty shops, General Manager Jack Solomon formerly Divisional Vice President of Sales for Stop & Shop supermarkets and previously a Merchandise Manager for a major metropolitan department store, Controller Robert Peacock from the staff of a national firm of public accountants, Director of Advertising and Sales Promotion Arthur Giokas came with us when we acquired the Bradlees Division where he had served in the same capacity. Director of Store Operations Richard Shuman was formerly General Merchandise Sales Manager of Stop & Shop.





The large airy interiors of our Bradlees stores are a customer's delight. All of our Bradlees stores have an individual decor which makes them distinctive.



Merchandise Manager Arnold Seigal with Bradlees Division Buyers. Left to right: Domestic Buyer George Bronstein, Girls' Wear Buyer Murray Shoflick, Seigal, Boys' Wear Buyer James Hyman, Merchandise Controller Martin Swartz, Men's Wear Buyer Robert Kimball, Infants' Wear Buyer Sidney Goldberg, Cosmetics and Drugs Buyer Fred Levensohn.



Consolidated

ASSETS

Current assets:

	1962	1961
Cash	\$ 5,409,224	\$ 4,536,981
U. S. Treasury Bills, at cost	2,225,333	—
Receivable from mortgagees for construction costs covered by executed mortgage agreements	2,607,464	885,890
Accounts receivable, less allowance for doubtful accounts	1,809,563	2,799,974
Inventories, at the lower of cost or market	18,719,029	18,605,719
Prepaid expenses	426,265	442,880
Total current assets	<u>31,196,878</u>	<u>27,271,444</u>

Fixed assets, at cost (excluding fully depreciated assets):

Land, buildings and improvements	50,579,282	42,932,372
Buildings and improvements on leased land	4,204,504	4,033,258
Fixtures, machinery and equipment	<u>21,064,509</u>	<u>17,929,707</u>
	75,848,295	64,895,337
Less accumulated depreciation and amortization	<u>14,143,980</u>	<u>11,413,226</u>
	61,704,315	53,482,111
Leasehold improvements, at cost, less accumulated amor- tization	<u>3,137,728</u>	<u>2,371,724</u>
Net fixed assets	<u>64,842,043</u>	<u>55,853,835</u>

Other assets:

Notes receivable, investments, etc., at cost	972,033	694,900
Deferred charges	<u>249,082</u>	<u>222,129</u>
Total other assets	<u>1,221,115</u>	<u>917,029</u>
	<u>\$97,260,036</u>	<u>\$84,042,308</u>

See accompanying notes to consolidated financial statements.

Balance Sheet

(June 30, 1962 with comparative figures as of July 1, 1961)

LIABILITIES

Current liabilities:

	1962	1961
Accounts payable	\$12,896,828	\$ 9,342,145
Accrued expenses	3,264,361	2,950,616
Federal taxes on income, estimated, less U.S. Treasury Bills \$2,774,667, 1962, \$1,500,000, 1961	—	1,413,702
Current portion of long-term debt (note 1)	78,158	625,142
Total current liabilities	<u>16,239,347</u>	<u>14,331,605</u>

Deferred Federal taxes on income	1,115,169	875,862
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Long-term debt (note 1):

Mortgage notes payable	38,224,789	37,755,313
Other notes payable	11,500,000	3,814,070
Total long-term debt	<u>49,724,789</u>	<u>41,569,383</u>

Stockholders' equity:

Capital stock of \$1 par value per share. Authorized 4,000,000 shares. Issued and outstanding 2,783,367 shares 1962, 2,691,293 shares 1961 (note 2)	2,783,367	2,691,293
Capital in excess of par value of capital stock	8,657,959	5,160,949
Retained earnings, exclusive of amounts capitalized through stock dividends (note 1)	18,739,405	19,413,216
Total stockholders' equity	<u>30,180,731</u>	<u>27,265,458</u>
	<u>\$97,260,036</u>	<u>\$84,042,308</u>



AND ITS SUBSIDIARIES

Consolidated Statement of Earnings and Retained Earnings

Year ended June 30, 1962 with comparative figures for the year ended July 1, 1961

	1962	1961
Retail sales	\$306,305,759	\$295,373,211
Cost and expenses:		
Cost of sales, interest on mortgages, operating and administrative expenses	295,423,078	283,422,447
Depreciation and amortization	3,892,418	3,349,143
	<u>299,315,496</u>	<u>286,771,590</u>
	6,990,263	8,601,621
Less interest on borrowings other than mortgages	198,872	307,670
	<u>6,791,391</u>	<u>8,293,951</u>
Federal taxes on income, estimated	2,904,008	3,648,863
Net earnings	3,887,383	4,645,088
Retained earnings at beginning of year	19,413,216	14,518,087
	<u>23,300,599</u>	<u>19,163,175</u>
Amount arising from pooling of interests	—	1,228,038
	<u>23,300,599</u>	<u>20,391,213</u>
Less dividends paid:		
Stock dividend 3%	3,459,244	—
Cash dividends	1,101,950	977,997
	<u>4,561,194</u>	<u>977,997</u>
Retained earnings at end of year	<u>\$ 18,739,405</u>	<u>\$ 19,413,216</u>

See accompanying notes to consolidated financial statements.

Consolidated Statement of Capital in excess of Par Value of Capital Stock

Year ended June 30, 1962 with comparative figures for the year ended July 1, 1961

	1962	1961
Balance at beginning of year	\$ 5,160,949	\$ 5,323,826
Add:		
Excess over par value of 3% stock dividend charged to retained earnings	3,378,497	—
Credit resulting from exchange of shares of Stop & Shop, Inc. for all of the capital stock of acquired companies	—	194,936
Excess over par value of proceeds from sales of capital stock to employees under the stock option plans	118,513	146,929
	<u>8,657,959</u>	<u>5,665,691</u>
Less amount transferred to capital stock account representing par value of shares issued as stock splits on the basis of one additional share for each four shares previously held	—	504,742
Balance at end of year	<u>\$ 8,657,959</u>	<u>\$ 5,160,949</u>

See accompanying notes to consolidated financial statements.

The Stockholders
STOP & SHOP, INC.

We have examined the consolidated balance sheet of Stop & Shop, Inc. and its subsidiaries as of June 30, 1962 and the related statements of earnings and retained earnings and capital in excess of par-value of capital stock for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of earnings and retained earnings and capital in excess of par-value of capital stock present fairly the financial position of Stop & Shop, Inc. and its subsidiaries at June 30, 1962 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

*Boston, Mass.
August 20, 1962*

Notes to Consolidated Financial Statements

(1) Long-term debt consists of the following obligations:

	Due Within One Year	Due After One Year
Mortgage notes, 3½% to 6¼%, maturing over a maximum period of twenty years. Although not signed by the company or its subsidiaries, these notes are secured by land, buildings, and improvements costing approximately \$51,300,000 and by assignments of intercompany lease agreements.	\$78,158	\$38,224,789
Promissory notes, 5½%, payable \$500,000 annually commencing 1967, and the balance of \$4,000,000 in 1982.		11,500,000
	<u>\$78,158</u>	<u>\$49,724,789</u>

Current installments of \$2,122,059 under the foregoing mortgage notes have been prepaid.

After June 29, 1963, the mortgage notes mature at an average annual rate of approximately \$2,400,000 through 1975 and thereafter at smaller varying amounts through 1982.

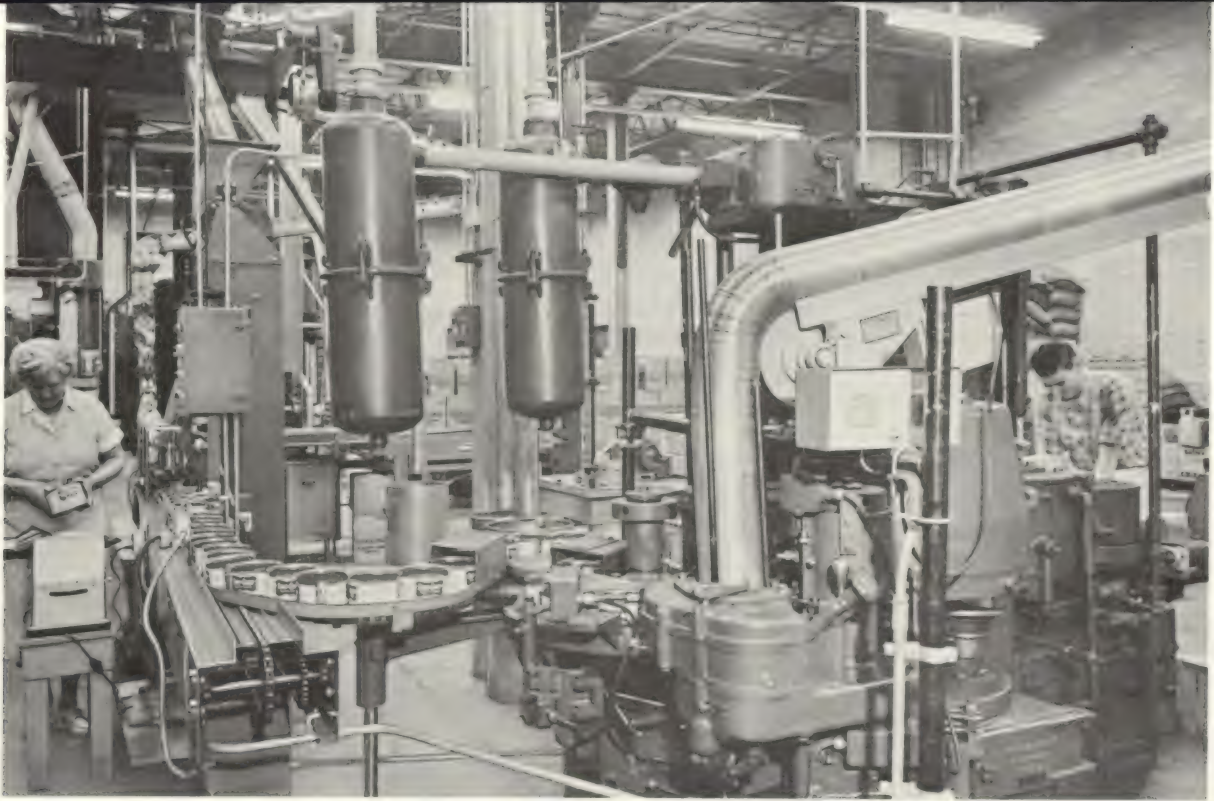
The terms of the agreement relating to the unsecured promissory notes, 5½%, contain restrictions effective December 31, 1963 on the payment of cash dividends and the purchase or retirement of the company's capital stock.

(2) At June 30, 1962, there remained outstanding options granted to 27 officers and employees of the company to purchase 59,107 shares of the company's capital stock at prices ranging from \$8.50 to \$25.12 per share. These options are exercisable over various periods extending to June 29, 1969. In addition 26,130 shares of the company's capital stock were reserved for future option grants. All options have been granted to majority shareholders at 110% of market value on dates of granting and at 95% in the cases of all other participants.

During the current year, options were granted to purchase 17,000 shares and options were exercised for 11,326 shares at granting prices ranging from \$8.50 to \$24.17 per share for a total consideration of \$129,839 as compared with the total value of \$346,610 based on quoted market prices on dates of exercise of the options. The number of shares under option at June 30, 1962 and related prices per share have been adjusted for stock dividends and stock splits.

(3) At June 30, 1962 the total minimum annual fixed rentals, exclusive of inter-company rentals, payable under leases expiring after three years, was approximately \$2,988,000, plus real estate taxes, insurance, etc., under certain leases. Leases covering about 40% of this amount expire within the next fifteen years and the balance by 1982.

Commitments, for completion of construction and renovation of buildings under existing contracts and mortgage note agreements, not reflected in the financial statements at June 30, 1962 amounted to approximately \$1,500,000.



Our new coffee plant at Readville, Mass. emphasizes quality control to produce coffees balance blended to suit the taste of the New England consumer.

Development of Service Facilities to Meet the Challenge of the Future

During the past fiscal year significant developments occurred in the expansion of our manufacturing and service facilities.

The opening of our 120,000 square foot Perishable Distribution Center in North Haven, Connecticut, gives us better control of quality and enables us to serve our stores in Western Massachusetts and Connecticut with perishables — meats, produce, and dairy products more effectively.

Our dairy plant has expanded its operation and, in addition to regular milk, now produces multi-vitamin milk, breakfast drink, and fruit drinks. Our food processing and distribution unit, an adjunct to the dairy plant, should be in operation by late Fall. We have also improved both the quality control and production rate of our coffees which are roasted and packed in the newly-equipped coffee plant at Readville.

These new service facilities offer exciting roads for future expansion. They are pointed toward an important goal — to offer the best quality available at a price that is a real value to our customers.



A case of our dairy plant's newest product — Multi Vitamin Milk received a vote of approval from the younger set at the White House. Retailing Vice President Charles Carroll (left) and Director of Quality Control and Manufacturing Arthur Norris help load the case aboard a plane to Washington.

The very newest, most modern trucks are used to facilitate the arrival of fresh perishables in our Connecticut Unit food stores. A complete fleet of gleaming new trailer trucks service the needs of these stores. These trailers have internal refrigeration units which are completely silent and offer a more efficient means of refrigerating the perishable loads. An added feature of the new Perishable Distribution Center is an annex which houses a complete truck washing unit. Each evening the trucks are completely washed in water of extremely high temperature to insure strictest standards of cleanliness.



In full operation at this time is our new Perishable Distribution Center at North Haven, Connecticut. The smaller building at lower right houses the staff of our Connecticut Unit, the Bradlees Division Headquarters staff and Bradlees warehousing facilities.



Our first store in New Hampshire was opened this year in the Shopping Plaza in Concord. This is the largest shopping center in the state.

More Stores to Serve More People

Our growth in the supermarket field continued at a fast pace in fiscal 1962 when we opened 18 stores. This is the greatest number of new supermarkets ever opened in one year.

This growth pattern includes not only an extension into new areas of large population but a consolidation of our strength in areas in which we already are firmly established.

In some of these areas we closed existing stores and opened new ones more in keeping with the present image of Stop & Shop stores.

18 New Stores Opened in 1962 Fiscal Year

Framingham, Mass.
Saugus, Mass.*
West Hartford, Conn. (2)
Lynn, Mass. (2)
New Haven, Conn.
Hartford, Conn.
Lowell, Mass.
North Andover, Mass.
Westport, Conn.
Fitchburg, Mass.
North Haven, Conn.
West Roxbury, Mass.
Concord, N. H.
Groton, Conn.
Cohasset, Mass.
Old Saybrook, Conn.



The three-state trading area shown on the map is almost completely covered by Stop & Shop stores. Not shown on the map above is the Concord, New Hampshire store which opened in the past fiscal year and is our first supermarket in the Granite State.

*Food Department in G.E.M. Closed Door Department Store.



Springfield, Mass.



Lynn, Mass.



Fitchburg, Mass.

The new and old in food stores is clearly shown in the above pictures. The new stores shown in the right hand column are relocations of the older ones and are part of our continuing efforts to give our customers even greater shopping convenience and pleasant surroundings whenever possible.



The Central Plaza Shopping Center in Lowell received wide acclaim for its original architectural approach. Covering about seven acres, it was completed this year as part of Lowell's first Urban Renewal Development.

A First for Stop & Shop

A singular honor came to us in Lowell with the opening of the Central Plaza Shopping Center. The Urban Renewal Administration in Washington announced that the Plaza was the "first completed commercial redevelopment project in the country." The Center received wide coverage in local, national and trade publications. William B. Slayton, Commissioner of the Urban Renewal Administration, and Massachusetts Governor John Volpe attended special ceremonies at the Center in recognition of this accomplishment.



Federal, state, and municipal officials presided at the official opening of the "first completed commercial redevelopment project in the country." Cutting a symbolic ribbon of paper bricks were (left to right): Board Chairman Sidney R. Rabb; Lowell Mayor Joseph Downes; Commissioner of Urban Renewal Administration William B. Slayton; and Massachusetts Governor John A. Volpe.



Nobody is more popular than Santa Claus, and at Christmas time our store managers help to spread good cheer by sponsoring Christmas parties for youngsters at nearby schools and orphanages. Charles Malcolm, store manager of our Dorchester store, played Santa to a group of youngsters at a nearby school in the area.



Sets of encyclopedias which have been on sale in our stores at various times are donated free of charge by local store managers to schools and libraries. (Above) Chelsea Store Manager Don McDermott presents a set of these books to Chief Librarian Sylvia B. Richmond of Chelsea, Mass. Public Library.



A Dorchester, Mass., drum and bugle corps left for Minneapolis, Minnesota for the Veterans of Foreign Wars National Convention to compete in the world championship drum and bugle corps tournament. It was a 36 hour bus ride and Stop & Shop donated pastries and packaged foods to help sustain the 85 boys and girls.

Good Community Relations is Good Business

As a company, we accept as one of our responsibilities that we must support the advancement of good citizenship and community progress in the areas in which we operate.

This is carried on by us in a wide variety of ways.

Civic and community activities should exceed the ordinary concern of a company in just being a "good neighbor." Our company and our people have always felt a need to initiate and seek out opportunities to lend a helping hand in the interests of the community.

We feel that this type of community cooperation makes our stores an integral part of the community and fosters excellent relationships between Stop & Shop people and residents of the areas in which we do business.



In many towns, we cooperated with local officials in "clean-up campaigns", by distributing litter bags to our customers. The bags were made available by Woman's Day magazine. At our Billerica, Mass. store, Grocery Manager Henry Sarault was congratulated by Mr. Armand Provost, Public Works Administrator of the town of Billerica for the company's cooperative attitude.

Dog shows sponsored by Stop & Shop stores in various communities are extremely popular among the younger set. Canines of every type and description are enthusiastically entered by their young owners.



Generous Gesture

Almost lost in the welter of news from the Democratic convention 10 days ago was a very significant story that goes a long way toward refuting canards about dollar-hungry businessmen.

We refer to the donation to the city by Stop & Shop Super Markets of a parcel of land opposite the market shopping center on Lincoln St. The land will be used eventually by the Parks and Recreation Department to establish a park.

This gift of land is no hollow gesture—Stop & Shop had an offer of \$32,000 for the purchase of the property by the Atlantic Refining Co. for gas station purposes. The gift is an immensely generous move by a large food chain that is more interested in long-range values and community relations than in easy dollars.

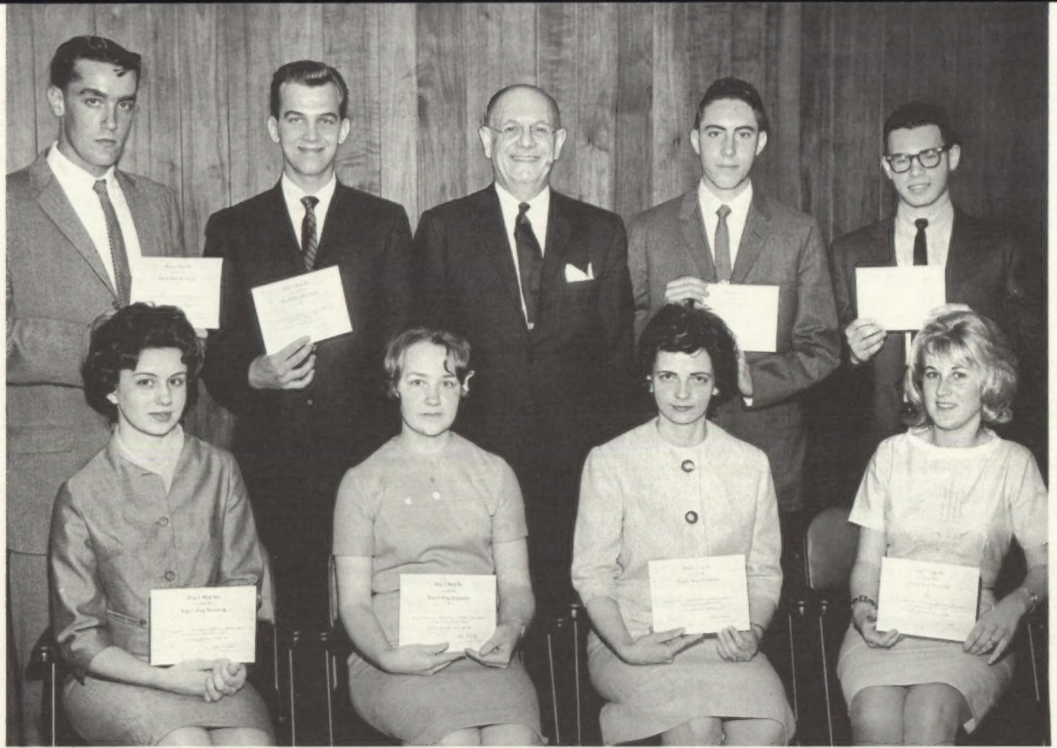
The community is grateful to Stop & Shop and the Rabb family. The land, located between two city-owned parcels

previously donated by the Roman Catholic Diocese of Springfield, is now preserved as a choice vista of the river, and will someday become another park area. Generations of tomorrow will reap the reward of today's generosity.

With Stop & Shop, the Chamber of Commerce City Beautification Committee and Mayor Samuel Resnic merit community thanks. It was the Chamber committee, headed by Dr. M. Gene Black, that called attention to the impending sale to the gas company, and initiated the campaign that ended so propitiously. Mayor Resnic presented the city's case to Stop & Shop and completed the negotiation.

Without the Chamber committee, without Mayor Resnic, and without a remarkably selfless attitude on the part of Stop & Shop, we would have seen the area scarred permanently by a gas station. Praise be that we had them.

A community's gratitude for a civic minded gesture was shown by the above editorial which appeared in the Holyoke (Mass.) Daily Transcript concerning a lot of land which Stop & Shop had donated to the city to be used as a park.



Our Scholarship Aid Program continued this year as we presented additional scholarships to our employees and to children of our employees. These scholarships are sponsored by the company to assist those with the desire and capacity for further education, with the hope that these people will develop and ultimately bring greater skill and depth into our company's operation and into the business environment in general.

People Are Our Most Important Asset

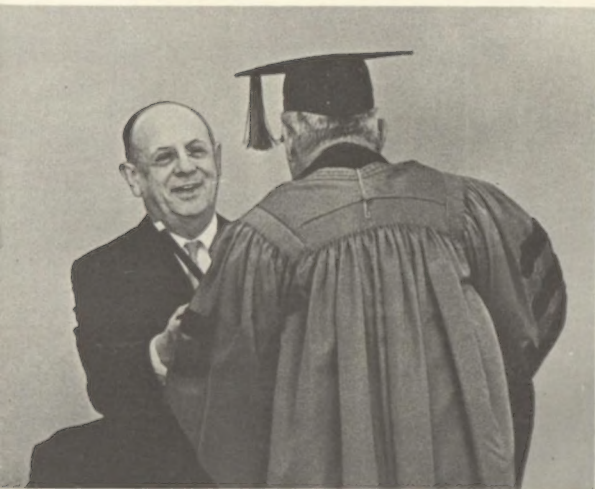
In a retail organization such as Stop & Shop, which serves the public in many cities and towns, "the personality" of our company in the public's mind is often determined by their experience with individual Stop & Shop people.

Fortunately our company, in all of its divisions, is blessed with employees well fitted to be outstanding representatives of Stop & Shop. Collectively or individually they are examples of our company philosophy. By exhibiting a high degree of initiative and responsibility on the job and in the community, they have proven to be the most important asset in our progress.

The Stop & Shop people shown here are typical of the thousands of others who contribute to the growth of their company and community.

Senior Vice President, Norman S. Rabb, confers with Mrs. Eleanor Roosevelt at a recent ceremony at Brandeis University, of which he was elected Chairman of the Board of Trustees. Mrs. Roosevelt is a Trustee of the University.





Chairman of the Board Sidney R. Rabb received a singular honor this year when his Alma Mater, Harvard University, conferred upon him the honorary degree of Master of Arts. The citation read: "... his managerial talent and high social responsibility advance the interests of his native city."



Heading the successful \$7,500,000 fund drive for a leading metropolitan hospital is Vice President and General Manager Irving W. Rabb. Mr. Rabb (left) who is Chairman of the Development Campaign of the Beth Israel Hospital discusses the status of the drive with Dr. Herrman L. Blumgart, Physician-in-chief and Professor of Medicine at Harvard Medical School; and Dr. Sidney S. Lee, General Director.



Top left to right • George Rassias, store manager of our Lowell unit, is a member of the Board of Directors of the Lowell Chamber of Commerce • Bernard Solomon of our Real Estate Department serves as Secretary-Treasurer of the University of Massachusetts Building Authority • Richard Spears, Vice President Corporate Planning, is Chairman of the Leadership Gifts Division of Northeastern University's \$40,000,000 fund raising drive • Donald Putnam of our general office staff was recently elected a Town Meeting Member in Weymouth, Mass.

Bottom left to right • George Kawash of our Haverhill store is serving as a Traffic Commissioner in the City of Lawrence, Mass. • Edwin Carpenter, a store manager of our Middletown, Conn. unit, is a Director of the local Chamber of Commerce and Chairman of that organization's annual banquet • Marie Lato of our West Haven, Connecticut store was selected as our outstanding checker and represented our company in the Supermarket Institute's "Checker of the Year" contest in which she was chosen as the top checker in the State of Connecticut and as a finalist in the New England regional competition • James McNulty of our East Hartford, Connecticut store won a coveted scholarship from the National Association of Food Chains which allows him to enter the special food distribution course at Cornell University.

STOP & SHOP INC.

The Stop & Shop Code

We resolve that in our day-to-day relations with people we shall:

- Deal with each employee fairly and with respect for his human dignity.
- Provide good wages and working conditions and social benefits consistent with current practice in our industry and company earnings.
- Make every effort to insure security of employment.
- Develop employees in accordance with their natural capacities and afford opportunities for advancement based on merit.
- Provide safe and pleasant work environments.
- Conduct fair and just relations with representatives chosen by employee groups.
- Deal cheerfully with customers in providing good values in a wide choice of desirable merchandise.
- Support the advancement of good citizenship and community progress in our areas.
- Work for company growth and profit to insure a fair return to our shareholders.
- Be fair in our dealings with sources of supply and others who serve our company.